

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-03231A
Verde Santa Fe Water Company L.L.C.
6730 N. Scottsdale Rd. Ste. 230
Scottsdale, AZ 85253

ANNUAL REPORT

RECEIVED
JAN 27 2006
AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

Cancellation of CC&N
filed 2-16-05 Not yet
approved

FOR YEAR ENDING

12	31	2005
----	----	------

Entered
5-23-06
RF

FOR COMMISSION USE

ANN04	05
-------	----

COMPANY INFORMATION

Company Name (Business Name) _____		
Mailing Address _____		
(Street)		
(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address _____		
(Street)		
(City)	(State)	(Zip)
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: _____			
(Name)		(Title)	
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: _____			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS			

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS			

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$	\$
	FIXED ASSETS		
101	Utility Plant in Service	\$	\$
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$	\$
	TOTAL ASSETS	\$	\$

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$	\$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$	\$
	TOTAL LIABILITIES AND CAPITAL	\$	\$

COMPANY NAME

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$	\$
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$	\$
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense		
630	Outside Services		
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$	\$
	OPERATING INCOME/(LOSS)	\$	\$
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$	\$

COMPANY NAME

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ _____

Meter Deposits Refunded During the Test Year \$ _____

COMPANY NAME

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity

COMPANY NAME

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

COMPANY NAME:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
TOTAL			

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes

() No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes

() No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME _____ YEAR ENDING 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ _____

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF _____

**I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME)
NAME (OWNER OR OFFICIAL) TITLE
COMPANY NAME

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

DAY OF

COUNTY NAME

MONTH

.20__

(SEAL)

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES _____

COMPANY NAME _____ YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

RECEIVED

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

JAN 27 2006

Arizona Corporation Commission
Director of Utilities

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
NAME (OWNER OR OFFICIAL) TITLE
COMPANY NAME

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ _____

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ _____
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL _____

TELEPHONE NUMBER _____

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

DAY OF

(SEAL)

COUNTY NAME	
MONTH	.20__

SIGNATURE OF NOTARY PUBLIC _____

MY COMMISSION EXPIRES _____

RECEIVED

JAN 27 2006

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

**Arizona Corporation Commission
Director of Utilities**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

COUNTY OF (COUNTY NAME)	
NAME (OWNER OR OFFICIAL)	TITLE
COMPANY NAME	

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ _____

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ _____
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

--

DAY OF

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	, 20__

(SEAL)

MY COMMISSION EXPIRES

X

SIGNATURE OF NOTARY PUBLIC

1 FENNEMORE CRAIG
2 A Professional Corporation
3 Jay L. Shapiro (No. 014650)
4 3003 North Central Avenue
5 Suite 2600
6 Phoenix, Arizona 85012
7 Telephone (602) 916-5000
8 Attorneys for Verde Santa Fe Water Company

9 **BEFORE THE ARIZONA CORPORATION COMMISSION**

10 IN THE MATTER OF THE
11 CONDEMNATION OF VERDE SANTA FE
12 WATER COMPANY


DOCKET NO. W- 03231A-05-

NOTICE OF CONDEMNATION

13 Verde Santa Fe Water Company (the "Company") hereby provides notice to the
14 Commission that all of its assets have been condemned by the City of Cottonwood ("City")
15 pursuant to a final order of condemnation entered by the Yavapai County Superior Court on
16 October 20, 2004 (copy attached hereto) and the Company ceased doing business as a public
17 service corporation at that time. As part of the condemnation of the Company's assets, the City
18 agreed to take responsibility for all outstanding line extension agreements and customer deposits
19 and all deposits have now been transferred to the City and the Company has no more utility
20 related business to transact.

21 RESPECTFULLY SUBMITTED this 16th day of February, 2005.

22 FENNEMORE CRAIG, P.C.

23 By 
Jay L. Shapiro
Attorneys for Verde Santa Fe Water Company

1 ORIGINAL and 13 copies of the
2 foregoing filed this

3 16th day of February 2005, to:

4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington Street
7 Phoenix, Arizona 85007

8 Copy hand-delivered this
9 16th day of February 2005, to:

10 Christopher Kempley
11 Legal Division
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15 Barb Wells
16 Engineering Division
17 Arizona Corporation Commission
18 1200 West Washington Street
19 Phoenix, Arizona 85007

20 By: Colleen A Lydon
21 1602794.1

ORIGINAL FILED THIS OCT 26
DAY OF _____
JEANNE HICKS
Clerk Superior Court M.E. DUNN
By _____
Deputy

1 Robert V. Kerrick (001891)
Walter A. Ulrich (022734)
2 GALLAGHER & KENNEDY, P.A.
2575 East Camelback Road
3 Phoenix, Arizona 85016-9225
(602) 530-8000
4 Attorneys for Plaintiff City of Cottonwood

5 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

6 IN AND FOR THE COUNTY OF YAVAPAI

7 CITY OF COTTONWOOD, a political
subdivision of the State of Arizona,

8 Plaintiff,

9 vs.

10 VERDE SANTA FE WATER COMPANY, an
11 Arizona limited liability company; STARDUST
DEVELOPMENT, INC., an Arizona
12 corporation; VERDE SANTA FE
COMMUNITY ASSOCIATION, an Arizona
13 corporation; AMANTE AT VERDE SANTA
FE HOMEOWNERS ASSOCIATION, an
14 Arizona corporation; STARDUST - VSF,
INC., an Arizona corporation; COUNTY OF
15 YAVAPAI; UNKNOWN OWNERS AND
CLAIMANTS; JOHN DOES I-X; JANE DOES
16 I-X; ABC CORPORATIONS I-X,
HEIRS AND DEVISEES OF ANY OF THE
17 ABOVE-NAMED DEFENDANTS, IF
DECEASED,

18 Defendants.
19

No. CV820040184

**STIPULATED FINAL ORDER OF
CONDEMNATION**

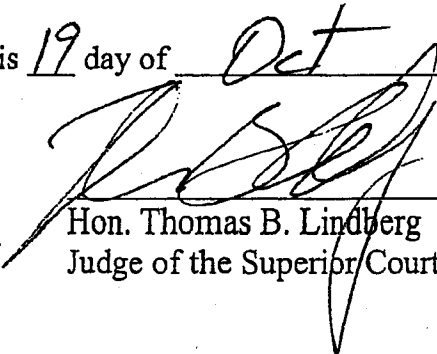
(Hon. Thomas B. Lindberg)

20
21 It appearing to the Court that the Stipulated Final Judgment in Condemnation
22 heretofore in the above-entitled action has been fully paid and satisfied; and

1 It further appearing to the Court that, pursuant to the provisions of Paragraph 5 of
2 the Stipulated Final Judgment in Condemnation, this Court shall now enter the Stipulated
3 Final Order of Condemnation.

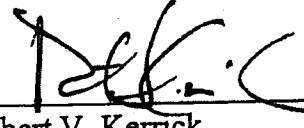
4 IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that sole use,
5 possession and ownership of all of the plant, system and business of VERDE SANTA
6 FE WATER COMPANY ("VSFWC"), including, but not limited to, all fee and/or
7 leasehold interests in real property described in Exhibit "A" attached hereto, all
8 easements, pumps, wells, waterlines, meters, personal property and/or other equipment
9 utilized in providing and necessary to provide water service, the VSFWC Certificate of
10 Convenience and Necessity as shown on the map attached hereto as Exhibit "B", and/or
11 business, and all tangible, intangible, personal, or real property rights or interest in any
12 way related thereto, be, and the same are, hereby condemned for the use and benefit of
13 the CITY OF COTTONWOOD ("CITY"), and that the ownership of the same be, and is,
14 hereby vested in the CITY, a political subdivision of the State of Arizona in their "as is,
15 where is, with all faults" condition, and without the necessity of any other consents,
16 orders or approvals by any governmental entities, free and clear of any and all claims by,
17 through or on behalf of VSFWC.

18 DONE IN OPEN COURT this 19 day of Oct, 2004.

19
20 
21 Hon. Thomas B. Lindberg
22 Judge of the Superior Court
///

1 APPROVED AS TO FORM AND CONTENT:

2 GALLAGHER & KENNEDY, P.A.

3 

4 Robert V. Kerrick
5 Walter A. Ulrich
6 2575 East Camelback Road
7 Phoenix, Arizona 85016
8 Attorneys for Plaintiff City of Cottonwood

9 FENNEMORE CRAIG, P.C.

10 

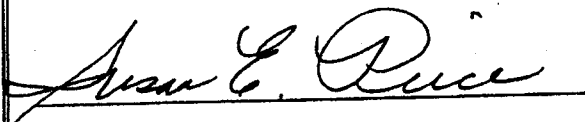
11 Jay Shapiro
12 Bart Wilhoit
13 3003 North Central Avenue, Suite 2600
14 Phoenix, Arizona 85012-2913
15 (602) 916-5000
16 Attorneys for Defendant Verde Santa Fe
17 Water Company
18
19
20
21
22

1 ORIGINAL hand-delivered this 19th
day of October, 2004, to:

2 Hon. Thomas B. Lindberg
3 Judge of the Superior Court
4 Verde Valley Justice Center
3505 West Highway 260
Camp Verde, Arizona 86322

5 COPY mailed this 20th day of
6 October, 2004, to:

7 Jay Shapiro, Esq.
8 Bart Wilhoit, Esq.
9 Fennemore Craig, P.C.
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012-2913
(602) 916-5000
10 Attorneys for Defendants Verde Santa Fe
Water Company

11
12 
13

15513-0001/1212004

EXHIBIT A

LEGAL DESCRIPTION

TRACT "G", EXCEPT WASH AREA, AMANTE AT
VERDE SANTA FE

Tract G, AMANTE AT VERDE SANTA FE, as depicted in Book 50 of Maps and Plats, Pages 19-26, Official Records of Yavapai County, Arizona, being a portion of Section 6, Township 15 North, Range 4 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

EXCEPT the following described property:

A portion of Tract G, AMANTE AT VERDE SANTA FE, as depicted in Book 50 of Maps and Plats, Pages 19-26, Official Records of Yavapai County, Arizona, being a portion of Section 6, Township 15 North, Range 4 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, and being more particularly described as follows:

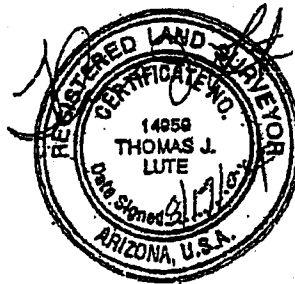
BEGINNING at a 5/8" rebar found at the west quarter corner of said Section 6, said point also being the northwest corner of said Tract G, from which a 3 1/2" Bureau of Land Management brass cap, found at the southwest corner of said Section 6, bears South 00°09'34" West, a distance of 2640.64 feet, thence North 67°09'04" East, along the north line of said Tract G, a distance of 490.27 feet, to the northeast corner of said Tract G;

thence South 00°54'09" East, along the east line of said Tract G, a distance of 37.73 feet to a point on a line which is 35.0 feet southerly of and parallel with the north line of said Tract G;

thence South 67°09'04" West, along said parallel line, a distance of 491.03 feet, to a point on the west line of said Tract G and said Section 6;

Thence North 00°09'34" East, along said west line, a distance of 38.02 feet to the POINT OF BEGINNING.

Said parcel containing 1.81 acres, more or less.





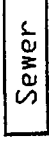


Map No. 27

COUNTY: Yavapai

RANGE 4 East

TOWNSHIP 15 North

-  W-1419 (5)
Camp Verde Water System, Inc.
-  W-2060 (3)
Cordes Lakes Water Company
(Verde Village)
-  W-1577 (1)
Oak Creek Public Service Company
-  W-3231 (1)
Verde Santa Fe Water Company L.L.C.
-  Sewer
Verde Santa Fe Wastewater Company,

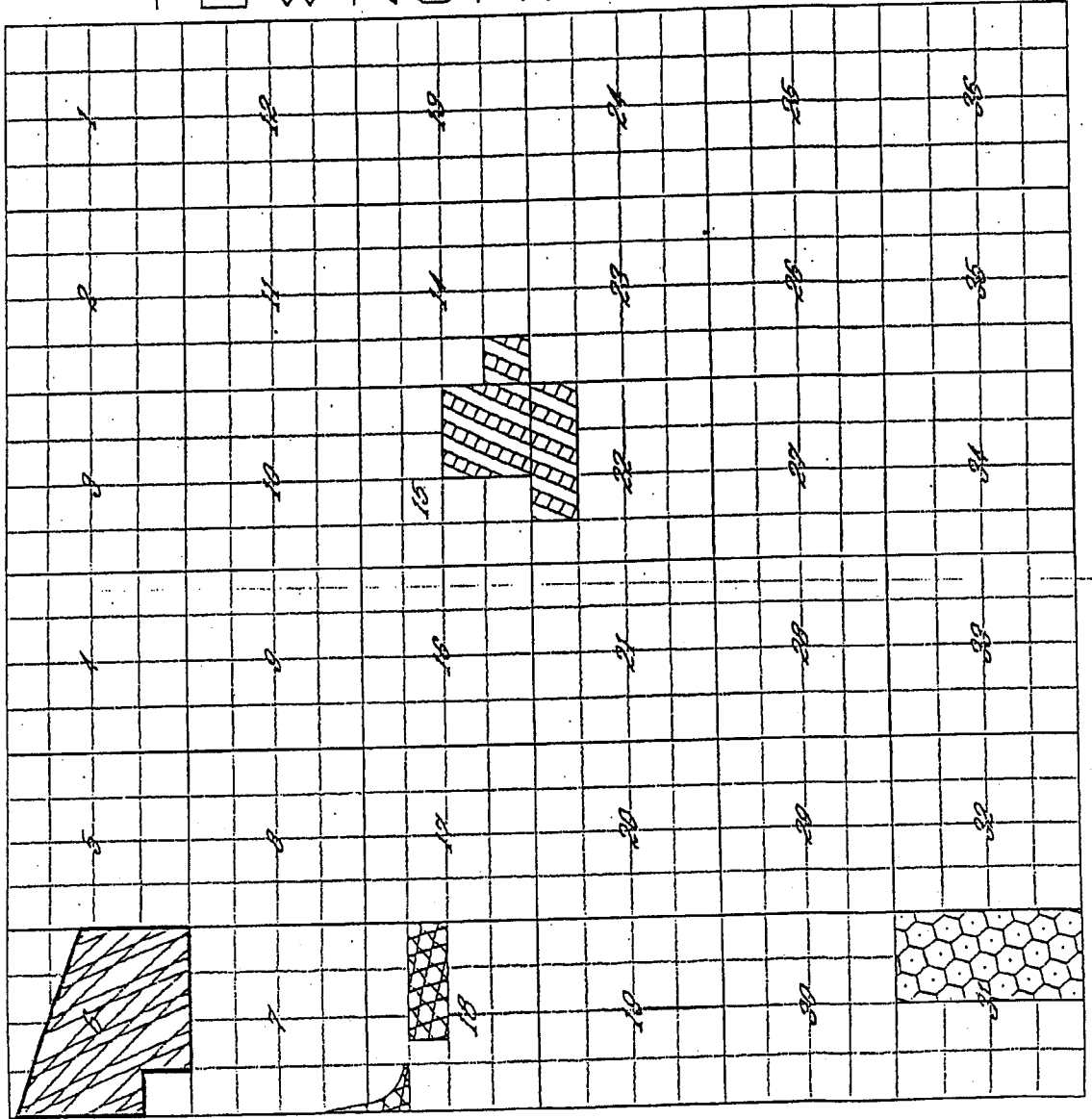


EXHIBIT B

TRISME 22 MAY 1998



RECEIVED

JAN 27 2006

✓ Corporation Commission
Director of Utilities

January 24, 2006

Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

RE: W-03231A, Verde Santa Fe Water Company LLC

Dear Sir or Madam,

On October 20, 2004, Verde Santa Fe Water Company was condemned by the City of Cottonwood and is now owned and operated by the City. A copy of the condemnation notification that was sent to the Corporation Commission is enclosed. All correspondence regarding Verde Santa Fe Water Company should be sent to the City of Cottonwood.

Sincerely,

Rick Hurula
Vice President – Development
Stardust Companies

Cancellation of
CC&N Filed 2-16-05.
Still open.